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Biennial Report to the Legislature

N.C. Department of Insurance

1993-1994

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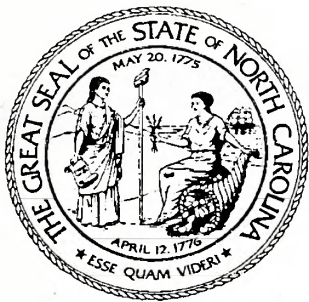
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Jim Long
Insurance Commissioner

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Department of Insurance

Mission Statement

The North Carolina Department of Insurance serves the citizens of North Carolina through consumer protection and education, safety training and promotion, and regulation of specified activities and industries.

This is accomplished by:

- Assuring an optimum marketplace in which consumers can readily purchase fairly-priced insurance products from sound, responsive entities;
- Educating the public in loss prevention, safety awareness and developing life safety standards;
- Maintaining a well-managed, fiscally-responsible organization staffed by knowledgeable, courteous, professional employees.

At all times, the affairs of the department are conducted in an open, ethical manner and in the best interests of the public.



A Voice for North Carolinians

The Department of Insurance continued to be a strong advocate for North Carolina consumers during the 1993-94 biennium. We worked long and hard to keep rates for auto insurance reasonable. North Carolinians currently pay the lowest auto insurance rates of any state east of the Mississippi, and yet still enjoy a thriving market of financially-sound insurance companies anxious to do business in our state.

After extensive hearings made it clear that the facts did not support an industry request to hike homeowners insurance rates for coastal residents by nearly 50 percent, we opposed this rate filing and negotiated a settlement with insurers which produced only modest increases along the coast.

The department also sought to lower insurance rates through traffic safety and injury-prevention programs. The department played an important role in the Governor's Highway Safety Initiative and the statewide "Click It or Ticket" program enforcing North Carolina's seat belt law. The first phase of the program is estimated to have saved 45 lives, prevented 320 serious injuries and saved \$51 million in health care and other costs. "Click It" was also responsible for an \$11 million reduction in North Carolina's last auto rate filing — to our knowledge the first time in U.S. history that a traffic safety program prospectively affected auto rates.

The department was also very active in the second phase of the traffic safety initiative, the "Booze it or Lose It" program, which aimed to remove impaired drivers from our state's highways through stepped-up enforcement. Together, these programs are saving lives, averting injuries, and helping reduce the high medical costs of preventable accidents.

During 1993 and 1994, department staff helped develop legislation which created new consumer protections for purchasers of credit insurance. We have also supported legislative



*Insurance Commissioner
Jim Long*



The Department of Health and Human Services has been working to improve the health of the American people for many years. One of the ways we have done this is by providing information to the public about health issues. This information has been provided in many different ways, including through the media, public health campaigns, and direct communication with the public. The Department has also been working to improve the health of the American people by providing services to the public. These services include the provision of health care, the regulation of food and drugs, and the promotion of public health. The Department has also been working to improve the health of the American people by providing information to the public about health issues. This information has been provided in many different ways, including through the media, public health campaigns, and direct communication with the public. The Department has also been working to improve the health of the American people by providing services to the public. These services include the provision of health care, the regulation of food and drugs, and the promotion of public health.

changes in health insurance which made it easier for small and medium-sized businesses to obtain health insurance for employees and their dependents.

Through improvements in state laws and enhanced coordination with insurance regulators in other states, the department has continued to improve its ability to monitor the financial solvency of insurance companies doing business in North Carolina. The role of department staff in the National Association of Insurance Commissioners (NAIC) — the national organization of chief insurance regulatory officials — enables regulators to stay abreast of industry changes and coordinate our efforts with those of insurance regulators from other states.

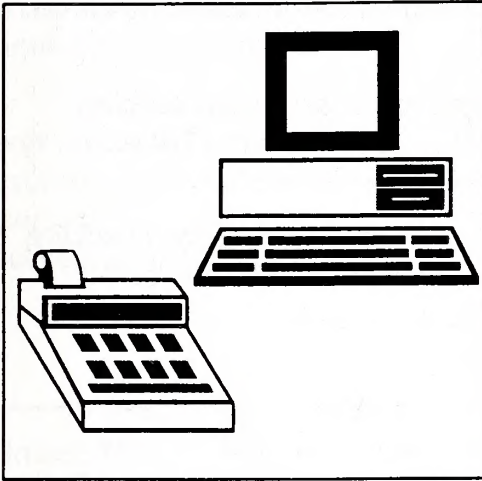
In 1994, the Department of Insurance joined law enforcement officials and a number of state and federal agencies in a common fight against insurance fraud. Since the rising cost of insurance fraud is passed through to the insurance-buying public in the form of higher premiums, identifying insurance fraud and assisting in its prosecution will continue to be high departmental priorities.

The following report explains in detail how each group, division and unit within the department contributes to the overall mission of the N.C. Department of Insurance.



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Company Services Group

Financial Evaluation Division

The division is comprised of the Company Admissions Section, Financial Compliance Section, Field Audit Section, Self-Insured Workers' Compensation Unit, and the Continuing Care Facilities Section. As a result of recently enacted legislation, the division is now regulating managing general agents and accredited reinsurers, and is ensuring compliance with many new solvency-related laws.

The division is currently working toward the following goals and objectives:

- Address and respond to the National Association of Insurance Commissioners Interim Annual Review in order to enable the department to maintain its accreditation with this national regulatory oversight board.
- Propose new financial solvency laws and evaluate/rewrite current laws for introduction in the 1995 Legislative Session necessary to maintain the department's accreditation with the National Association of Insurance Commissioners.
- Evaluate the adequacy and appropriateness of other insurance laws administered by the division prior to the 1995 Legislative Session.

Company Admissions Section

The primary responsibility of this section is the review and evaluation of the financial condition of insurance companies applying for initial licensing, eligibility or registration to transact insurance business in North Carolina.

It is important that insurance entities meeting or exceeding the minimum requirements be licensed or authorized so that adequate markets and competition are available to North Carolina insurance consumers. It is equally important that each entity not meeting the minimum

requirements be denied a license or authority in order to protect North Carolina insurance consumers from potential insurance problems.

In 1993-94 there continued to be considerable interest by insurance companies seeking authority to transact business in North Carolina. Through October 26, 1994, were 110 new applications received. We continued to accept 1994 filings through November 1.

A 1991 moratorium on reviewing applications for admission created a significant backlog of files to be reviewed by the end of 1992. It has taken more time than we originally anticipated to work through this backlog. We now expect to bring these filings to a current status during the first quarter of 1995.

A total of 78 insurance entities were found to qualify and received initial certificates of authority from January 1993 through October 1994, including the formation of three new North Carolina domestic insurance companies. It is anticipated that an additional 10 to 15 insurance companies will qualify and be licensed before the end of 1994.

This section has been responsible since 1985 for the initial review of insurance companies applying for eligibility for the placement of surplus lines business. A list of eligible companies is distributed monthly to North Carolina surplus lines brokers. The surplus lines market represents insurance products that are not readily available to consumers through licensed companies. The statutory requirements for surplus lines eligibility were strengthened during 1991, 1992 and 1993.

From January 1993 through September 1994, this section received and reviewed 16 filings for surplus lines eligibility. Thirteen new companies were found to qualify and were added to the list. There were 18 companies deleted or withdrawn from the list during this period, primarily due to the new requirements effective at the end of 1992 and 1993. The Financial Compliance Section is responsible for the financial surveillance of surplus lines companies after they initially qualify for eligibility.

Since early 1993, this section has been responsible for reviewing applications for accredited reinsurer status in North Carolina. From March 1993 through October 1994, 42 such filings were received. Thirty-six companies were found to satisfy the requirements and were listed as accredited reinsurers in this jurisdiction. The Financial Compliance Section is responsible for the continued financial surveillance of accredited reinsurers. One company withdrew its surplus lines eligibility during the period.

Since late 1986, this section has been responsible for the financial review of risk retention groups filing for initial registration. It has also been responsible for initially determining that purchasing groups satisfy the requirements for registration. These entities operate under the authority of the Federal Risk Retention Act and North Carolina Insurance Statutes governing liability risk retention. The Federal Act permits risk retention groups and purchasing groups to provide certain types of liability insurance coverages to their members, if the group is properly licensed in at least one state and files certain minimal financial information with each state in which it desires to do business.

The department has required as much information as allowed under the Federal Act in order to evaluate the merits of risk retention group filings and protect North Carolina citizens to the maximum extent possible. North Carolina statutes require a purchasing group to pur-

chase its coverages from an insurance company that is either licensed or eligible for surplus lines business in this state.

From January 1993 through October 1994, a total of eight filings for initial registration were received from risk retention groups; 79 initial filings were received from purchasing groups. Thirteen risk retention groups and 69 purchasing groups also received initial registration during the period. The Financial Compliance Section is responsible for the continued surveillance of these entities after registration.

Performance Indicators: 1993-1994

Insurance organizations regulated	1,587
Financial statements analyzed	5,500
Reports on examination reviewed	1,200
Insurer licenses suspended	13
Insurer licenses revoked	8
Administrative actions	50
Deposits obtained as a result of financial inquiries	\$6,000,000
Securities on deposit for policyholder protection	\$367,000,000
Requests for authority to sell securities	200
Certificates of good standing, deposit, etc. processed	2,200

Financial Compliance Section

The primary responsibility of this section is to monitor the solvency of all insurance organizations licensed and/or authorized by the department. The section has the following responsibilities:

Process/review company licenses, corporate changes and corporate filings: Includes the review of renewal license applications of insurance organizations and the review, processing and/or approval of corporate changes of insurance organizations. Corporate changes include: acquisitions, mergers, dissolutions, reinsurance arrangements, charter changes, by-law changes, holding company filings, and requests for sale of securities.

Monitor financial position of insurance organizations: Accomplished by reviewing the operations and financial condition of each organization through the financial analysis of annual and interim financial statements and other financial data. The primary responsibility of the section is to determine the financial health of each insurance organization and to take necessary and appropriate steps to safeguard the interests of the citizens of North Carolina. This financial analysis utilizes the data base and programs of the National Association of Insurance Commissioners.

Maintain security deposits from insurance organizations: Includes the collection and maintenance of all security deposits made by insurance organizations for the protection of North Carolina policyholders. The actual funds are maintained by United Carolina Bank under a safekeeping arrangement and total approximately \$367 million at present. Most of the functions of the collateral securities program were computerized during the past year to allow quicker response on transactions and better monitoring of the quality of securities on deposit.

Field Audit Section

This section is composed of two units, the Financial Examinations Unit and the Self-Insured Workers Compensation Unit.

The primary objective of the Financial Examinations Unit is to protect the interests of policyholders by ascertaining the financial strength of regulated insurance entities through the on-site verification of financial data reported to the department. This function is conducted principally at the home office of insurance companies. Practices and procedures developed by this section, the Financial Evaluation Division and the National Association of Insurance Commissioners (NAIC) provide the framework for the examinations conducted. This department was instrumental in directing the NAIC to incorporate North Carolina's in-house procedures into the NAIC Financial Examiners' Handbook. These procedures were adopted by the NAIC in 1994 and will be required in all states beginning in 1996.

From January, 1993 through October, 1994, the Field Audit staff examined fifty-seven domestic companies. In addition, as an accredited state under the NAIC's Financial Regulation Standards and Accreditation program, this unit is participating with other non-accredited states in the examination of foreign companies to ensure quality control in the examination process.

Use of EDP audit software sub-licensed from the NAIC is used to supplement other examination procedures. Both mainframe and personal computer versions of this software are available.

Other automation includes the use of 25 personal computers and various software packages. By means of modems, the field staff can communicate with the office through the department's mainframe and also access insurance industry data captured on the NAIC's computer system. The NAIC has also provided many software applications to enhance the analysis and examination of insurance companies.

However, with technological advances and the development of more sophisticated software applications, much of the hardware in use in this unit is outdated. The previous objective to provide each examiner with a computer for use in the examination process has been

met, but eight to ten computers in use are incapable of accommodating the new versions of software currently available. Upgrades or replacement of this equipment over the next year is the objective established to ensure that all staff examiners are properly equipped.

Self-Insured Workers' Compensation Unit

This unit has continued to grow in 1993 and 1994 despite a reduction in corporate applications as compared to 1991 and 1992. Group applications continue to grow at rates comparable to those encountered during 1991 and 1992. Group funds have increased from 16 to 28 with three applications currently pending. Corporate accounts have increased from 212 to 270. This continued growth is a result of workers' compensation rate increases in 1993 and 1994. The industry is expected to seek further increases in workers' compensation rates but it is hoped that future rate increase requests will be less severe than those submitted in 1991 and 1992.

To control this growth, enhancements in regulation require higher levels of deposits and excess insurance coverage by corporate employers and group funds. Adoption of new laws and regulations during 1993 and 1994 have also supplemented oversight ability. Future goals include hiring additional staff to perform field examinations. This is especially important for group funds, as they operate similarly to an insurance company. Current staffing only permits review of filed materials and necessitates reliance on independent audit reports prepared for the corporate employer or group fund.

The department collected \$10,018,568 in 1993 premium taxes based on 1992 reported payrolls and \$13,804,972 in 1994 premium taxes based on 1993 reported payrolls. This tax is determined by converting the reported payroll to a manual premium and invoicing a predetermined percentage.

The self-insurance guaranty fund currently has enrolled over 18,000 employers under 28 groups and 275 corporate accounts.

Continuing Care Facilities Section

The Continuing Care Facilities Section is charged with the responsibility of registration, disclosure, contract, and financial monitoring requirements for continuing care facilities in North Carolina. This section serves to provide for the financial oversight and licensing of continuing care facilities as well as providing additional safeguards for facility residents and prospective residents.

This authority, which became effective on January 1, 1990, applies only to facilities that furnish lodging or independent living combined with health-related services under a contract for the life of the individual, or for a period in excess of one year. Current laws provide for: disclosure of all material facts and financial data, departmental authority to intervene in the event of insolvency or the imminent danger of financial impairment, departmental authority to audit the financial records of facilities, and the establishment of a nine-member Advisory Committee to advise the Commissioner of Insurance on matters related to these facilities.

Facility filings sent to this section include a disclosure statement, certified financial statements, forecast projections, listings of services and fees, and residency agreements or con-

tracts. Facility filings are evaluated for statutory compliance, financial stability, operating trends, and consistency between disclosure statements and residency agreements.

The first filing was received on January 29, 1990. As of October 31, 1994, 44 continuing care facilities have been issued permanent licenses, and are currently serving 12,000 North Carolina residents.

Actuarial Services Division

Life and Health Section

This division's review of rate change requests has saved consumers covered under individual accident and health policies approximately \$4.1 million in 1992, approximately \$2.2 million in 1993, and approximately \$1.6 million in 1994 as of October of that year. Also, an additional \$800,000 in savings will result from rate compromises that become effective in 1995. Since the division's review of the rates began, consumers have realized savings of approximately \$25.5 million as of October, 1994.

During the biennium, Actuarial Services collected data and evaluated the cost of mandating well-child care benefits for children ages zero through five years covered by private health insurance. Actuarial Services supported legislation mandating such benefits.

Actuarial Services also collects incurred loss-ratio data on credit and long-term care insurance. The 1994 credit data study is currently being analyzed. It is anticipated that the credit life incurred loss ratios will continue to be at very low levels; however, this will change starting with the 1995 credit data study because of the lowering of the credit life *prima facie* rates. The 1993 Long Term Care study was inconclusive in regards to the level of incurred loss ratios due to the lack of experience. The 1994 Long Term Care study is currently being evaluated and is expected to yield meaningful data.

Actuarial Services annually reviews the Medicare supplement insurance refund calculations submitted by insurance carriers. All carriers were correctly performing the calculation and no refunds were made for calendar year 1993.

Actuarial Services has adopted rules concerning: credit insurance rate deviations, credit unemployment minimum loss ratio standards, and actuarial certifications for small group insurance. Actuarial Services is in the process of adopting rules on data requirements for the HMO industry, including certification of authority applications, rate revisions, expansion requests, and claim reserves. Actuarial Services has assisted other divisions in adopting rules concerning health insurance minimum reserve standards, and providing actuarial opinions and memoranda for companies performing cash flow testing.

Actuarial Services reviewed Small Employer Group actuarial rate certifications to assure compliance with the Small Employer Group Health Coverage Reform Act. Actuarial Services also collected and reviewed premium rate data on small employer group carriers, which revealed a wide distribution of rates among the standard and basic plans. This is expected to become an annual study.

Property and Casualty Work

Actuarial Services works closely with the Property and Casualty Division in reviewing rate filings, form filings and statistical filings. During the last two years, Actuarial Services has been heavily involved in homeowners and private passenger automobile rate filings. The work of Actuarial Services has contributed greatly to lower insurance rates for North Carolina drivers. The total savings to consumers of homeowners insurance has been \$59 million. Purchasers of passenger auto insurance have saved \$245 million with a potential additional savings of \$341 million upon the settlement of the disputed rate filing. In addition to these filings, this division has reviewed hundreds of loss-cost and loss-cost adoption filings for commercial lines of insurance.

Financial Evaluation Work

Actuarial Services assists various sections of the Financial Evaluation Division. Actuarial analyses are performed on financial projections and proposed rates of companies applying for admission or registration in North Carolina. Loss and loss adjustment expense reserve reviews are also performed to aid in the financial evaluation of domestic insurance companies.

Information Systems Division

The Information Systems Division deals with high-technology issues and equipment, with a goal of using technology effectively to support the department's regulatory function. This activity, known within state government as "information resources management" (IRM), includes within its broad scope voice, image and data processing equipment and software, as well as telecommunications systems such as two-way radios, telephones and facsimile equipment.

Day-to-day responsibilities include programming and operating two mid-range computer systems, planning for and managing four local area networks (LANs) connected via a wide area network, and providing support for the department's microcomputers. An electronic mail system connects our staff with all other state departments of insurance; NAIC staff in Kansas City, Washington, and New York; other state government agencies; and to a number of private insurance companies. Information Systems also provides office automation training to department staff.

The division is directly responsible for maintaining three major application systems on the mid-range computer: company licensing, property and casualty rate and forms filings, and life and health rate and form filings. These applications are scheduled for phase out as LAN's take up this work. Staff of the division also works with computer programmers at the State Information Processing Services (SIPS) organization to maintain and develop major software systems for our Consumer, Agent Services, and Self-Insured Workers Compensation units.

The Information Systems Division also consults with the department's line divisions regarding technology planning. Information Systems is the department's representative on the SIPS Advisory Board, and represents Commissioner Long on the Information Resources

Management Commission as required. Similarly, the division exercises approval authority over all acquisitions of information and technology resources such as radios, telephones, computers, software, services, and maintenance contracts.

Under the state's revised IRM management structure as implemented by the 1992 General Assembly, the division will continue to perform the lead role within the department for integrated information technology planning and management. Similarly, within the department, the division provides staff support to a committee of managers of line divisions setting hardware and software standards, and IRM operational policy.

Regulatory Actions Division

The Regulatory Actions Division was formed in early 1992 to increase regulatory scrutiny over potentially-troubled insurance entities domiciled in North Carolina. The primary responsibility of this division is to closely monitor the financial condition and operations of domestic insurance entities deemed to be in a potentially hazardous financial condition. The ultimate goal of this division is to determine whether a troubled insurance entity can be prevented from going into formal delinquency proceedings, and returned to sound financial condition and good business practices.

Examples of close monitoring procedures performed by this division include:

- financial analyses of annual and interim financial statements and other financial data, including holding company and affiliated company data;
- initiating, monitoring and enforcing work-out plans designed to correct deficiencies causing the hazardous financial condition;
- performance of targeted financial and operational examinations;
- institution of formal administrative supervision proceedings designed to protect insurance company assets through a work-out period.

Potentially-troubled insurance companies are transferred to the Regulatory Actions Division via interaction with the Financial Evaluation Division and other divisions of the Department of Insurance. Through October, 1994, five domestic insurance entities have been transferred to this division for closer monitoring.

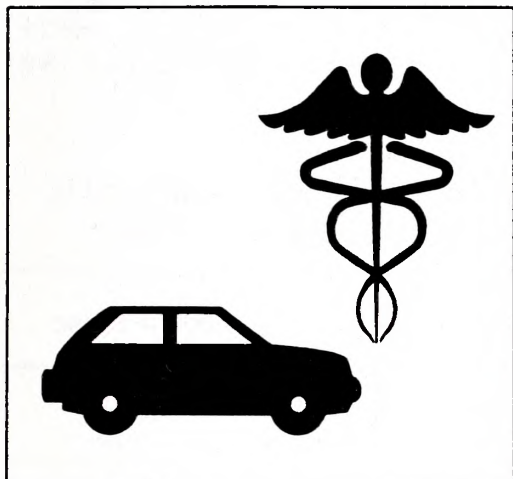
Estate Operations Division

The Estate Operations Division works closely with the Regulatory Actions Division to evaluate the necessity of instituting formal delinquency proceedings and to provide guidance to troubled insurers after leaving administrative supervision. The unit's ultimate goal is to rehabilitate and/or liquidate troubled and insolvent insurers in order to protect and preserve, to the maximum extent possible, the remaining assets of the insurer for the benefit of the company's policyholders, creditors and the public.

The Estate Operations Division manages the financial and operational affairs of domestic insurance entities placed into receivership. Examples of specific duties performed include:

- marshaling assets, pursuing asset recoveries and liquidating assets of companies in receivership to the maximum benefit of policyholders and other creditors;
- managing the operations of the various departments of the insurer through a run-off period including claims, underwriting, policyholder service, data processing, accounting, and personnel;
- coordinating relationships and issues involving the various state guaranty associations called upon to pay policyholder claims;
- providing litigation support services and coordinating relationships and issues involving federal and state investigative agencies outside of the Department of Insurance.

As of October, 1994, this division is currently responsible for the administration of five domestic receiverships, and provides support service for several ancillary receiverships of out-of-state insurers which previously transacted business in North Carolina.



Technical Services Group

Created in September 1988, the Technical Services Group is comprised of the Property and Casualty Division, Market Examinations Division, Life and Health Division, Seniors' Health Insurance Information Program and the Managed Care and Health Benefits Division.

The Property and Casualty Division's primary responsibility is the review of rate, rule and policy form filings relating to property and casualty coverages. These filings are made by insurance companies, statutory bureaus and licensed rating organizations.

In 1988 this division reorganized its rate and form files, resulting in one of the most efficient filing systems of any insurance department in the country.

The Life and Health Division is responsible for the review and approval of rate, rule and policy form filings submitted by life and health insurance companies.

The Market Examinations Division conducts field examinations of the market practices of domestic and foreign insurers and their representatives. Market Examinations has been reorganized and has standardized its review, summary, expense and examination procedures in order to develop meaningful trends.

The Seniors' Health Insurance Information Program (SHIIP) was added to the Technical Services Group in October 1990. Created in 1986, SHIIP's primary function is to train adult volunteers to help older adults through the maze of Medicare regulations, Medicare supplement insurance, long-term care insurance, and claims procedures. In September 1992, SHIIP completed a six-year drive to expand the program to all 100 counties of North Carolina.

The group's most recently formed division — the Managed Care and Health Benefits Division — monitors and regulates the activities of health maintenance organizations, preferred provider organizations, utilization review organizations, managed care indemnity health insurance, multiple employer welfare arrangements, third party administrators, and non-ERISA-exempt self-funded employer health care benefit plans.

While each of these functions has existed within the department for many years, the Technical Services Group was formed to increase their effectiveness, improve communication

and enhance coordination, primarily with the actuarial staff and financial analysis examiners, as well as with other divisions within the department.

Property and Casualty Division

This division licenses rating organizations, advisory organizations and joint underwriting associations, and reviews rate, rule and policy form filings made by these entities and the North Carolina Rate Bureau. The division also collects filing fees for rate and form filings.

State law permits insurance coverages to be placed with surplus lines companies — those unlicensed in North Carolina — as long as there is compliance with applicable statutes and rules. Surplus lines taxes are the responsibility of specially-licensed agents; this division receives and reviews the tax forms submitted by these agents. In 1993-94, surplus lines premium taxes generated \$6,146,699 for the State of North Carolina:

Premium Taxes			
	No. of Policies	Premium	Tax Generated
1993	24,817	86,460,257	4,323,014
1994*	20,894	36,473,688	1,823,685

* Through 9/92

Rate Deviations

State law allows companies to file rate deviations (discounts) on coverages such as private passenger automobile, homeowners, and dwelling fire under the jurisdiction of the North Carolina Rate Bureau. A typical deviation would be lower auto insurance premiums for autos with anti-locking brakes.

New Rate Deviations					
	HO	Dwelling/Fire	Auto	Workers' Comp	Comb. Auto/HO
1993	42	15	42	7	0
1994	168	36	79	15	2

Because some risks cannot be written at standard rates, state law permits companies to charge higher-than-standard rates on individual policies with the written consent of the policyholder and, in some cases, the approval of the Commissioner of Insurance. A large number of filings are received for HO-8 (comprehensive homeowners coverage) and manufactured

homes. The division also receives filings for workers' compensation coverages. From January 1993 through October 1994, this division received a number of consent-to-rate filings:

Higher-Than-Standard Rate Filings

	Private Auto	All Other
1993	561,210	3,445
1994*	539,805	2,842

*Through 10/94

Because this division's primary responsibility is the review of forms, rules and rates, filings must be carefully analyzed. During 1993 and 1994, a total of 15,364 filings were reviewed, as detailed below:

Forms, Rules and Rates Reviewed

Companies and Organizations

1993	8,281
1994	7,083

* Through 10/94

Prospective Loss Costs

North Carolina has adopted a new system for filing rates on commercial insurance. The new system is called "prospective loss cost" and is based on companies' actual loss experience. Individual companies include the filed loss cost along with profit and expense statements in calculating the final rate to be charged.

Because the law requires rates to be submitted on commercial lines of insurance, the number of individual companies filing loss-cost data is expected to increase — and staff is expecting a significant increase in the number of rate filings to be reviewed.

The ultimate effect of loss-cost filing should be greater flexibility in pricing and more variations among companies with regard to pricing. The new flexibility should ultimately better serve companies and consumers alike.

The total loss cost filings for 1993 and 1994 are detailed in the chart on the following page.

Loss Cost Filings

	Rate Bureau	Company
1993	6	573
1994	7	655

Some of the significant issues and achievements of the Property and Casualty Division during 1993-1994 include:

Workers' Compensation Rate Filing: In 1993 a rate filing was submitted by the North Carolina Rate Bureau. Commissioner Long determined that the increase was excessive and ordered a lower rate level. The case was settled out-of-court and a reduced rate increase went into effect for 1993. The industry requested no change in rates in 1994. The table on page 22 details recent rate filings.

Restructured Workers' Compensation Plan: The Restructured Workers' Compensation Plan applies only to assigned risk coverage. This plan is an attempt to curb rapidly rising workers compensation rates, particularly addressing the high claims ratio for assigned risk coverage, by initiating monitored performance standards and by making three options available to carriers for the handling of their workers' compensation obligations. This filing was approved July 1, 1994, so the success of the restructuring plan cannot yet be determined.

Workers' Compensation Small Deductible Plan: In 1993 a small deductible plan was approved. This plan lowered the premiums that employers pay to provide coverage for their employees. These deductibles, which range from \$100 to \$5,000, allow an employer to be responsible for part of a workers' compensation claim, thus reducing the employer's premium.

Homeowners and dwelling fire and extended coverage rate filings: In 1993-1994 there was only one rate filing each for homeowners and dwelling fire submitted by the North Carolina Rate Bureau. Commissioner Long determined both to be excessive and ordered a lower rate level for each.

Homeowners Insurance Rates

	Filing Year	Requested	Implemented	Consumer Savings
Homeowners	1993	12.7%	2.2%	\$58,870,513

**Approved via out-of-court settlement with North Carolina Rate Bureau.*

Beach and FAIR Plans: The policy volume written through these plans has significantly increased. The Beach Plan is now the largest writer of property insurance along much of North Carolina's coast.

Coastal Survey: In response to concerns about the availability of voluntary insurance coverage along the coast, the Property and Casualty Division has begun a survey of the major writers of property insurance to ascertain the market availability of property coverage. The survey is still ongoing at press time.

HO-91 Program: The North Carolina Rate Bureau has filed a completely new homeowners program, which is currently being reviewed by this division. The program may offer some new choices to consumers, and is already available in some states.

Medical Malpractice: The medical malpractice market continues to be very competitive. Two malpractice insurers, which formerly provided insurance only for physicians, surgeons and dentists, began offering liability insurance for hospitals. The major provider of medical professional liability coverage filed several changes to its hospital professional liability claims-made program.

System of Electronic Rate and Form Filings (SERFF) : the department is working with the NAIC to develop a computer network that would allow insurance companies to file their rates and forms electronically. The system would allow the review, communications, approval, storage, and retrieval of files to be handled electronically.

Auto rates: The Department of Insurance and the North Carolina Rate Bureau have continued to dispute the rates to be charged for private passenger auto insurance. The Bureau did not file a rate change in 1993, but sought a 17.7 percent increase in rates in 1994. After holding hearings to review the industry's request and hear expert testimony, Commissioner Long rejected the 17.7 percent hike and ordered a 13.8 percent reduction in auto rates.

The Bureau has appealed this order and will raise rates by 4.4 percent over the Commissioner's objection. Under North Carolina law, while the appellate court considers the case, insurers must escrow the difference between the rates ordered by the Commissioner and their implemented rates.

In 1993, North Carolina drivers received approximately \$110 million in refund checks from such escrow accounts. These checks were generated as a result of an April 1993 settlement of several disputed rate cases dating back to 1988.

The chart on the preceding page details recent rate filings and the consumer savings resulting from the department's regulatory review of these rates.

Life and Health Division

The period under report has been one of change for this division. During 1993 and 1994, the volume of rate and form filings received by the Life and Health Division increased significantly. In addition, the division has met greatly increased demand for involvement in, and information about, life and health insurance issues.

Workers' Compensation Rates 1986-1994

Filing Year	Rate Requested	Rate Implemented	Statewide Premium	Dollar Savings
1985	12.9%	7.5%	\$289,077,233	\$15,610,171
1986	12.8%	5.8%	\$363,134,574	\$25,419,420
1987	16.8%	15.9%	\$419,796,824	\$3,778,171
1988	0.0%	0.0%		(no filing)
1989	16.8%	9.0%	\$509,210,148	\$39,718,392
1990	29.3%	18.9%	\$541,485,184	\$56,314,459
1991	41.8%	15.8%	\$575,129,570	\$149,533,688
1992	40.3%	33.0%	\$650,405,437	\$47,479,597
1993	15.5%	9.3%	\$865,000,000*	\$53,630,000
1994				(no filing)
Total				\$391,483,898

Private Passenger Auto Rates 1984-1994

Filing Year	Rate Requested	Rate Implemented*	Consumer Savings**	In Litigation***
1984	3.9%	-0.2%	\$23,535,607	
1985	20.8%	10.4%	\$69,767,852	
1986	12.2%	0.6%	\$102,828,158	
1987	4.1%	0.7%	\$36,525,296	
1988	6.4%	4.3%	\$23,917,914	
1989	4.1%	-6.1%	\$127,768,278	
1990	9.6%	4.0%	\$77,400,316	
1991	9.4%	4.2%	\$83,191,330	
1992	-4.2%	-6.1%	\$28,537,119	
1993	(No filing)			
1994	17.7%	4.4%	\$244,869,801	\$340,838,735
			\$818,341,673	\$340,838,735

* Effective rates after 4/93 settlement

** Difference in total manual premium dollars between filed and implemented rates

*** Difference in total manual premium dollars between filed rates and Commissioner's order

Health Issues

Most of the division's efforts have concentrated on health insurance issues. Many of these activities were begun as a result of the Jeralds-Ezzell-Fletcher Health Care Reform Act of 1993.

This legislation created the North Carolina Health Planning Commission and charged that body with developing a plan to provide universal health care coverage to North Carolina citizens. In addition, the Act created a State Purchasing Alliance to broaden group health insurance choices for small employers. The Life and Health Division has been very involved in providing consultation and support for both the Health Planning Commission and the Purchasing Alliance.

In addition, the Health Care Reform Act of 1993 charged the Commissioner of Insurance with developing uniform claim forms to reduce administrative waste associated with health insurance claims. Along with the Medical Database Commission, the Life and Health Division was instrumental in working with third-party payers, health care providers and other interested parties to develop rules associated with uniform claim requirements.

Credit Life

In 1993, North Carolina citizens benefited from the most significant reform of credit life insurance in North Carolina history. Credit life insurance — which pays off a loan if a debtor dies or becomes disabled — had for many years been more expensive in North Carolina than in other states.

With the strong support of Commissioner Long and Life and Health Division personnel, the General Assembly in 1993 passed legislation which reduced premium rates for credit life insurance by 28 percent. In addition, this legislation provided new consumer protections, including maximum coverage restrictions, a right to cancel and prohibition against using insurance as collateral for credit card issuance.

OBRA Compliance

Changes in federal law under the Omnibus Budget Reconciliation Act of 1993 — aimed in part at promoting access to health insurance — required numerous technical changes in state laws to ensure compliance with federal guidelines and continuation of federal matching Medicaid payments.

Under the technical guidance of Life and Health Division personnel, North Carolina successfully maintained federal compliance and its favorable Medicaid status.

Health Form Filings

The last two years have seen an escalation in the volume and complexity of health insurance form filings. Much of the complexity can be attributed to the increased use of managed care in the health insurance industry and the rising cost of health care.

During 1993, the division received 13,069 forms and \$302,425 in policy form filing fees for an increase over 1992 receipts of approximately 20 percent. In 1994, this increased volume

has continued, and additional staffing will be necessary if the division is to keep pace with the ever-increasing changes in the health insurance industry.

Life and Health Form/Rate Filings

	Forms Filed	Fees Received
1993	13,069	\$302,425
1994*	8,072	\$219,060

* Through 9/94

1993 Premium Tax

	1993 Premium	Tax Generated
1993	13,069	\$302,425
1994*	8,072	\$219,060

Seniors' Health Insurance Information Program

The Seniors' Health Insurance Information Program, known as SHIIP, was established in 1986 by North Carolina Insurance Commissioner Jim Long in response to an increased number of calls, letters and complaints from older North Carolinians confused by their health insurance options.

SHIIP serves to educate the public on seniors' health insurance issues, concentrating on Medicare, Medicare supplements and long-term care insurance. SHIIP uses a three-tier approach to public education:

- training volunteer counselors to establish local health insurance education programs
- operating a toll-free hotline from the Raleigh SHIIP office.
- developing educational materials for use by consumers.

Since its creation, SHIIP has trained more than 7,000 senior volunteers who undergo an extensive 24-hour training course to serve as SHIIP counselors. The course is taught by the SHIIP staff and includes information on Medicare benefits, private insurance benefits and options, claims procedures, Medicaid and counseling/advocacy skills. Currently there are approximately 1,500 active SHIIP volunteers across North Carolina's 100 counties.

SHIIP creates a number of consumer publications on a yearly basis including the *Medicare Supplement Comparison Guide* and the *North Carolina Long-Term Care Insurance Shoppers Guide*.

In addition, SHIIP serves as a clearinghouse for many Health Care Financing publications such as *The Medicare Handbook* and the National Association of Insurance Commissioners' *Guide to Health Insurance For People With Medicare*.

SHIIP Achievements 1993-1994

- continuation of a federal grant in the amount of \$236,790 through the Health Information Counseling and Assistance Grant Program enacted by Congress
- development of program brochure to advertise SHIIP services
- statewide informational workshops and training for hospital social workers and corporate benefit officers
- first issue of the *North Carolina Long-Term Care Insurance Shoppers Guide*, to be published yearly
- training and informational workshops for North Carolina Cooperative Extension agents
- development of a monthly consumer column which is carried by more than 65 North Carolina papers to provide answers to Medicare beneficiaries' questions
- coordination with the North Carolina Cooperative Extension Service to develop and distribute a multi-media program called *Medicare Myths* which targets pre-retirement audiences and details five common misconceptions about Medicare and how these misconceptions can be hazardous to pre-retirement planning
- development and distribution of an informational video on long-term care insurance

In each county, SHIIP is coordinated through an existing human services agency such as a Council on Aging office, senior center or Cooperative Extension office. These agencies provide important continuity, an available point of access and are a model for interagency cooperation.

Current SHIIP staff consists of four regional trainers, two administrative support specialists, one communications specialist, one outreach coordinator and one deputy commissioner, for a total of nine persons.

Market Examinations Division

The Market Examinations Division was created to monitor insurance companies' market practices, especially as they affect consumers. The examination methods employed by the division are based on a program developed by the National Association of Insurance Commissioners (NAIC). By agreeing to pilot the NAIC program, North Carolina became the first state in the nation to conduct market examinations along the lines promulgated by the NAIC.

The division is staffed by a deputy commissioner, a management support person, 14 field examiners and two clerical support persons. The division monitors the activities of foreign and domestic insurance carriers operating in North Carolina.

The division is divided into four regular examination teams, each capable of responding to special problems or concerns related to company practices.

Examinations are conducted on a regular rotation so that all companies domiciled in North Carolina will be examined on a four-year cycle and dominant foreign companies on a five-year cycle. A company's size usually dictates the number of analysts required for an examination. Most companies require no fewer than three analysts to conduct a thorough, effective examination.

Upon completion of the examination, and after a report has been submitted to the Commissioner of Insurance, the company is required to take action on all areas of concern referenced in the report.

Examinations are divided into three categories: general, focus and market segment. The three types of examinations require distinct protocols to ensure that companies are treated fairly and without prejudice or unfair discrimination.

State law requires companies to pay the cost of examinations, and the Market Examinations Division is therefore entirely receipt-supported.

Market Conduct Examinations

	General	Focus	Market Segment
1992	30	12	0
1993	24	8	1

Managed Care and Health Benefits Division

This division was established in 1992 to monitor and regulate the activities of managed care entities including: health maintenance organizations; preferred provider organizations; utilization review organizations; managed care indemnity health insurance; multiple employer welfare arrangements; third party administrators; and non-ERISA-exempt, self-funded employer health care benefit plans. The division's emphasis is on how the activities of these companies affect consumers in the North Carolina marketplace.

The division is also responsible for performing triennial operational and market practice examinations on these companies. In addition to general examinations, division staff conduct target examinations which focus on the managed care activities of indemnity insurers, and compliance examinations which ensure that corrective actions are taken when general or target examinations indicate a need for changes in company practices. A pre-licensure examination is also performed as part of the health maintenance organization licensure process.

Managed Care Examinations

	General	Pre-license	Target	Compliance	Total
1991	3	0	0	0	3
1992	6	0	4	2	12
1993	1	3	2	5	11

This division issues reports based upon companies' compliance with state statutes, rules, precedents and standards. Areas of non-compliance are identified, and subsequent compliance examinations are scheduled. These areas can include management and control, territory and plan of operation, provider panel development and credentialing, utilization review, quality assurance, third-party provider contracting, forms underwriting and rate practices, marketing, member service, claims payment practices, management information systems, and internal auditing functions. Special emphasis is given to unfair trade practice activities, accessibility issues, and the use of managed care techniques to deny enrollees access to needed health care. The report ultimately serves as the legal background for any further action that the department may take against a company.

This division is responsible for the issuance of Certificates of Authority for health maintenance organizations, registering preferred provider organizations and utilization review organizations, and licensing multiple employer welfare arrangements and third-party administrators.

Efforts to identify and properly register preferred provider organizations and utilization review organizations have resulted in more than 30 additional companies applying for registration. Applications for health maintenance organization Certificates of Authority have increased dramatically, with one application approved in 1993, two approved by October 1994 and nine other applications already under review.

The Managed Care and Health Benefits Division's examination activities are partially receipt-supported and partially funded through state appropriations.

North Carolina Medical Database Commission

The Medical Database Commission (MDC) is the premier public resource for information about hospital utilization and charges in North Carolina. Since the database first became functional in 1988, the commission has continually improved and updated its ability to provide analysis and specialized information.

During the 1993-1994 biennium, MDC expanded its data collection to include all ambulatory surgery performed in hospitals and free-standing surgery centers in North Carolina. The availability of these two databases will, for the first time, allow comparison of hospital surgical centers and surgical facilities unaffiliated with hospitals.

The inpatient database is created from patient discharge data provided by more than 150 hospitals across North Carolina. These inpatient discharges now include more than five million cases with approximately 900,000 new discharges added each year. The new ambulatory surgery database will add 450,000 new cases per year to the database.

From this information, MDC prepares a series of reports profiling trends and patterns in health care utilization and charges. The commission also prepares special reports and analyses in response to specific requests for information. Data from the commission is also purchased by a wide variety of users preparing independent analyses for their own use or that of clients.

Through these discharge databases, MDC profiles utilization and charges by individual hospitals or groups of hospitals, by ambulatory surgical centers, by patient groups, by geographical area, by physicians, by disease category and other variables.

The MDC provides legislators and other decision makers with information about health care that was previously unavailable, e.g., the average cost of heart bypass surgery, the proportion of Medicaid patients treated compared to other categories of patients, comparisons of charges between hospital and free-standing ambulatory surgical centers, and the variation in charges and utilization in the same geographical area.

Providing Direct Assistance

MDC staff devotes substantial time to responding to specific needs for information from various state governmental agencies (Health Planning Commission, Certificate of Need Program, Governor's Commission on Reduction of Infant Mortality), purchasers of health services (employers such as Cone Mills), providers of health services (hospitals, HMOs), various consulting and policy making groups, and individual consumers and citizens of North Carolina.

The Medical Database Commission continues to establish itself as a resource for reliable medical services utilization data through such activities as:

- publication of annual reports profiling utilization and charges for inpatient hospital and ambulatory surgery
- publication of the annual *Consumer's Guide to Hospitalization Charges in North Carolina Hospitals*
- preparation of data reports in response to requests for specific information

Through its function as an information clearinghouse, MDC fulfills its legislative charge to stimulate competition in the health care marketplace by making cost and utilization information publicly available. The Commission looks forward to providing information on the full range of medical services to policy makers and health consumers in North Carolina.

The accomplishments of the MDC over the biennium include:

- establishment of an ambulatory surgery database
- publication of the *Consumer's Guide to Hospitalization Charges in North Carolina Hospitals*

- reduction in costs for end users by maximizing release of information on personal computer disks
- development of the capability to adjust data to account for the variance between hospitals in the severity of cases handled; this led to improved reporting of hospital performance indicators
- improvements in the use of in-house equipment to analyze data, thereby decreasing overall costs

Future Plans

Future plans of the MDC include:

- placement of data files on the Internet to increase public access to this information
- utilization of electronic data interchange techniques to allow more economical collection and dissemination of information from a wider range of health services providers and health plans



Public Services Group

Consumer Services Division

The technical and complex nature of insurance generates a multitude of questions from the consuming public and from many segments of the insurance industry itself. Questions touching upon all types of insurance products are handled by our Consumer Services Division. Each year the division (a staff of 34 consumer service specialists and support personnel) provides valuable assistance to a broad array of our citizens.

In each year of the 1993-94 biennium, division staff handled over 100,000 telephone calls and processed 11,000 written consumer complaints. A computerized data format allows for continuous updates and changes on each complaint file.

Such computerized complaint handling and the accumulation of related information offers important indications of how well departmental regulatory measures are affecting insurance market practices.

During the 1993-94 biennium, the consumer services staff was involved and active in a number of areas:

- The staff spoke to numerous community groups and educational gatherings on a variety of insurance topics, including automobile, health, workers' compensation, and specialty coverage.
- The division helped to identify financially-troubled insurance agencies and assisted consumers in the resolution of resulting problems.
- The division, through its Market Assistance Plan, continued a remarkable record of helping prospective commercial policyholders locate and procure hard-to-find coverage that reduced their risks and allowed them to stay in business.
- The division provided direction and information to the department's Market Examinations Division relating to complaint experience regarding insurance companies' conduct in the marketplace.

- Staff provided front-line participation at disaster assistance centers in the aftermath of natural calamities such as hurricanes, tornadoes and flooding.

In 1993-94, Consumer Services continued its efforts to make the division as accessible to consumers as possible.

- Interpreters for non-English speaking and speaking-impaired citizens were identified throughout the department and stand ready to assist when needed.
- A TDD line was installed for the hearing impaired.
- A new toll-free number (1-800-JIM-LONG or 1-800-546-5664) number was obtained to assist in recognition of the Consumer Services WATS line.

The Consumer Services Division serves as a significant front-line service organization. Division staff continues to improve the quality of their service to consumers through further training and educational development.

Agent Services Division

The Agent Services Division protects the general public of North Carolina by ensuring that individuals representing the insurance industry have an adequate knowledge of the industry and possess the ethical and moral characteristics necessary to operate in a fiduciary capacity.

The division is comprised of three sections: The Licensing Section establishes and administers minimum standards for licensing of adjusters, brokers and limited representatives, and the licensing and appointing of agents. The Accounting Section handles the funds collected by the division, is responsible for adhering to the State's Daily Deposit Act, and is periodically audited by the State Auditor's office. The Education Section establishes minimum standards of competence for licensure through the Prelicensing Education program and minimum education standards to maintain licensure through the Continuing Education program.

Agent Services also plays a major role in the regulation of agents' activities. The division is responsible for investigating and verifying allegations of misconduct by insurance agents. Upon finding that violations of insurance laws have occurred, the division conducts conferences and hearings to determine the appropriate administrative action, such as suspension or revocation of licenses, or assessing fines. Division staff works closely with the Consumer Services Division, the Investigations Division, and the Attorney General in looking into these allegations.

The division oversees the operation of 111 pre-licensing insurance schools conducted through private vendors, trade associations, universities, community colleges, and technical institutes. In addition, there are 3,508 approved continuing education courses being offered by 453 providers. An additional 93 seminars were approved for continuing education credits during 1994.

In April 1993, all paper-and-pencil testing was converted to electronic examinations. One additional full-time test site was added in Statesville. Satellite sites were established in Asheville and New Bern where electronic exams are administered once a month. Another

innovation is that all licenses issued at the permanent test sites have the applicant's picture imprinted on them. After printing, each license is laminated.

Agent Licensing Activity

	1993	1994
Examinations	12,297	9,276*
Licenses Issued	16,467	17,301*
Agent Appointments	71,346	64,792**
Certification Letters	13,878	13,203**
Renewals/Appointments	246,796	315,889

* Through 9/94

** Through 10/94

In July of 1994, the telephone number to access the automated Voice Response Unit (VRU) was converted from a toll call to a toll-free call. This number provides agents with 24-hour access to their continuing education records and information on continuing education courses currently being offered.

During 1993, the department began conducting routine audits of insurance agencies. These audits are conducted daily across the state by field auditors. This gives the department an opportunity to review the records and operations of the agency. The purpose of the audits is to ensure that the staff is appropriately licensed, review financial information, determine if files are accurately underwritten and to recommend continuing education courses. There has been a noticeable decrease in the number of agencies that have gone out of business since the implementation of routine audits. In the past, the department conducted only targeted audits.

The rules governing the continuing education program are under revision. The proposed changes are designed to give the department more control over the quality of instruction.

Also, State Information Processing Services is developing a new computer program for the agent licensing database. Records for continuing education, licensing and accounting will be merged on a single database, increasing the efficiency of processing in all sections.

Law Enforcement

Both Special Services and Investigations employ sworn law enforcement officers to carry out the enforcement duties of the Commissioner set forth in Chapter 58 of the General Statutes. Because insurance-related crime has become progressively more complex, technologi-

cally sophisticated and diverse, the department's law enforcement function was overhauled during the biennium to meet the rising challenge of such crime.

The Governor's Office of Budget and Management provides consulting services to state agencies and was utilized by Department of Insurance management to evaluate our law enforcement divisions. Many of these recommendations regarding organizational structure and computing needs were implemented. In addition, new personnel were hired and additional training provided to upgrade available skills.

A close relationship with both state and federal law enforcement entities was fostered through cooperative investigations and through service on the National Association of Insurance Commissioners anti-fraud committees.

The divisions in this group provide enforcement services for a broad range of entities. The Special Services Division regulates; licenses; and, when necessary, investigates industries providing special services to the state's citizens, such as bailbonding. The Investigations Division is charged with enforcement of the insurance laws of North Carolina.

Investigations Division

The nation's first insurance department investigations bureau was formed when the General Assembly established statutory authority for investigation of insurance crimes in 1945. Under the direction of the Commissioner, this division conducts criminal investigations and supports prosecution of individuals, companies, and entities perpetrating insurance related crimes.

The division initiates cases proactively and investigates those referred from within the department; from consumers; from local, state and federal law enforcement agencies; and from insurance companies. Each of the division's investigators is a law enforcement officer sworn to uphold and enforce the insurance laws of North Carolina.

During the biennium, the Investigations Division reorganized, underwent management changes, and implemented updated investigative policies and procedures. These changes resulted in a new investigative emphasis for the division. The division focused on more complex and higher-profile investigations, while continuing to investigate cases involving insurance agent fraud, embezzlement and insurance policyholder fraud. These new fraud initiatives included workers' compensation premiums and claims fraud, health care fraud, and investigation of unauthorized insurance entities. As a result, the division now enjoys a greater presence in the law enforcement community, improved cooperation with state and federal prosecutors, and an effective partnership with insurance company investigative units.

Currently, the division actively participates in the Insurance and Health Care Fraud Task Force with the F.B.I. and other state and federal agencies. This investigative force focuses on major insurance and health care fraud cases in North Carolina and throughout the United States.

Investigations Activity

	1993	1994
Investigations initiated	328	441
Convictions	27	36
Restitution/monetary recoveries	\$398,703	\$847,638
Pending criminal cases	26	30

The efforts of the Investigations Division are aimed at combating insurance fraud and protecting insurance consumers and insurance companies from becoming victims of crime. In addition to convicting those committing criminal acts and recovering funds, the division's fight against fraud also deters insurance-related crimes and ultimately saves money for the insurance consumer.

Restitution Report

County	1993	1994	County	1993	1994
Alamance		\$3,462.31	Dare	\$44,650.00	
Anson		\$994.43	Davidson	\$3,247.05	
Avery		\$47,593.10	Duplin	\$9,984.96	
Beaufort		\$3,636.48	Durham		\$185,008.00
Bertie		\$5,881.80	Edgecombe		\$4,417.05
Buncombe		\$57,091.28	Forsyth		\$29,436.55
Burke	\$27,427.06		Gaston	\$5,829.48	\$11,032.37
Cabarrus	\$2,023.98	\$2,800.00	Guilford	\$20,645.46	\$67,419.45
Catawba	\$28,322.63	\$9,207.72	Haywood	\$1,187.71	
Chowan	\$2,900.79		Henderson	\$5,996.79	
Craven	\$5,176.53		Hertford		\$20,299.47
Cumberland	\$13,192.46	\$30,732.00	Jackson	\$1,900.00	

Restitution Report (cont.)

County	1993	1994	County	1993	1994
Lee		\$13,348.19	Sampson	\$7,298.69	
Lenoir	\$5,562.50	\$58,989.66	Scotland		\$9,287.80
Mecklenburg	\$66,208.97	\$142,767.64	Stanly	\$20,964.36	
Mitchell		\$110.00	Stokes	\$1,119.77	
Montgomery	\$18,278.56		Swain		\$712.59
Nash	\$2,330.12	\$265.00	Union		\$8,036.58
New Hanover	\$14,400.00	\$408.00	Wake	\$3,616.19	\$59,333.42
Onslow		\$13,150.00	Wayne	\$4,872.00	\$1,293.45
Pasquotank	\$5,596.53	\$1,582.28	Wilkes	\$63,437.40	
Pitt	\$3,891.79	\$43,565.00	Wilson	\$700.12	\$2,030.57
Randolph	\$2,500.00	\$1,710.00	South Carolina	\$2,000.00	
Rockingham	\$5,440.67	\$1,399.97	Totals	\$ 398,702.57	\$ 847,637.36
Rutherford		\$8,635.20			

Special Services Division

The Special Services Division is responsible for licensing and regulating insurance premium finance companies, professional bail bondsmen and runners, surety bondsmen, collection agencies, and motor clubs. The division's purpose is to protect the public through regulation and investigation of these industries.

During the biennium, management requested the Office of State Budget and Management (OSBM) to conduct a study for the division. The study focused on management reporting needs, means of improvement to carry out the mission, and a review of the work allocation and scheduling mechanisms.

Currently, management of the division is carrying out many of the study's recommendations in order to improve the overall operation of the division. One major recommendation, which has been accomplished, was to establish two sections within the division: a Licensing, Auditing, and Operations Section; and an Investigations Section which is comprised of two units, criminal investigations and an audit unit. Headed by a deputy commissioner, the division consists of fourteen employees, eight of whom are sworn law enforcement officers.

Division personnel work very closely with federal, state, and local officials and various associations and trade groups including the: Federal Trade Commission, Commercial Law League of America, F.B.I., S.B.I., local law enforcement agencies, district attorneys, N.C. Attorney General's Office, Associations of N.C. Magistrates, Clerks of Superior Court, Assistant and Deputy Clerks, N.C. Premium Service Companies, N. C. Collectors, American Collection Agencies, Credit Bureaus of the Carolinas and Virginia, North American Collection Agency Regulatory Board, N.C. Criminal Exchange, N.C. Bail Agents Association, and the Professional Bail Agents of the United States.

During the biennium, division investigations resulted in refunds to N. C. consumers and businesses exceeding \$100,000. Also, as the result of these investigations, 104 criminal charges and 20 arrests were made during this same period.

In addition to these criminal charges, the division levied and collected fines from licensees totaling \$50,725 due to improprieties and unlawful practices uncovered by the investigative staff. As a result of one investigation, a licensed company agreed to pay a civil fine in the amount of \$20,000 for infractions committed.

The investigative unit completed a total of 1,118 assignments during the biennium. It should be noted that the division is responsible for monitoring the activity of all licensed collection agencies, both foreign and domestic. During this reporting period, numerous collection agencies located from California to Vermont were audited and investigated on site.

During this biennium, the Special Services Division was granted approval and access to the Division of Criminal Information and an access agreement was executed between the State Bureau of Investigation and the Department of Insurance. In addition to obtaining access to the DCI/PIN Network, the division now interfaces with the computers of the Administrative Office of the Courts. This will assist staff in researching the backgrounds of license applicants to ensure they meet criteria for the issuance of a permit.

During 1993 and 1994, the division licensed the following entities to operate in North Carolina.

1993-1994 Licensees

Name of industry	Number licensed
Premium Finance Companies	186
Collection Agencies	282
Bailbondsmen/runners	950
Motor Clubs	75

In 1993-94, the division's efforts resulted in numerous refunds to consumers. These payments are detailed in the following table.

Consumer Refunds

Name of Industry	1993	1994
Insurance Premium Companies	\$14,871.54	\$3,229.53
Collection Agencies	\$7,610.22	\$50,396.99
Bailbondsman/runners	\$4,950.00	\$17,497.00
Motor Clubs	\$5,000.00	
Totals	\$32,431.70	\$71,122.52

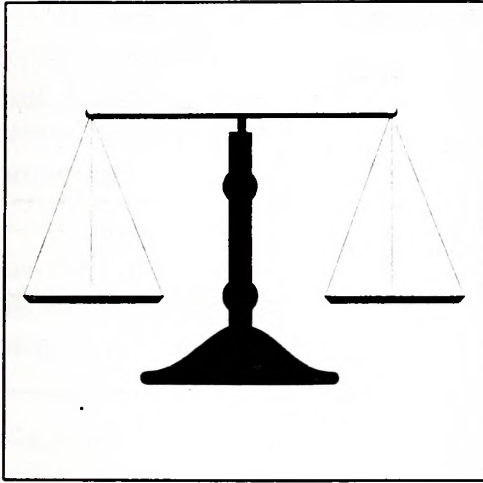
In 1993-94, the division's involvement in satisfying bail bond judgments from security deposits held by the department resulted in significant payments to local school boards. These payments are detailed in the following table.

Bail Bond Judgements

County	1993	1994	County	1993	1994
Alamance		\$530.00	Columbus	\$2,860.00	\$8,796.11
Beaufort		\$536.27	Craven	\$16,555.00	\$18,974.01
Bertie		\$3,000.00	Cumberland		\$1,433.50
Brunswick	\$3,507.37	\$19,353.64	Davidson	\$6,875.00	
Buncombe		\$15,985.00	Davie	\$1,194.00	
Cabarrus	\$1,063.56		Duplin		\$9,720.00
Caldwell	\$9,023.00		Durham		\$15,278.75
Carteret		\$4,028.31	Edgecombe	\$3,696.78	\$7,500.00
Catawba	\$1,325.00	\$3,610.00	Forsyth		\$8,255.00
Cleveland	\$2,460.00		Gaston	\$5,350.00	

County	1993	1994
Granville		\$678.75
Greene	\$3,970.00	
Guilford	\$6,248.27	\$7,810.00
Johnston	\$5,017.52	\$1,940.00
Lenior	\$19,430.00	\$14,476.35
Mecklenburg	\$40,418.25	\$2,980.00
Nash	\$3,768.17	\$65.00
New Hanover	\$19,814.10	\$22,554.00
Onslow	\$400.00	\$2,853.97
Orange		\$3,700.00
Pasquotank	\$580.00	\$3,052.00
Perquimans		\$1,015.00
Pender	\$2,720.00	

County	1993	1994
Pitt		\$25,891.76
Robeson		\$3,600.00
Rowan	\$926.73	
Rutherford		\$510.00
Sampson		\$15,860.00
Stanly	\$5,615.00	\$4,050.00
Union	\$200.00	\$4,100.00
Wake	\$1,364.59	\$44,895.61
Warren	\$2,136.00	
Washington	\$2,277.00	
Wayne	\$2,136.00	\$251.32
Wilson	\$2,382.00	\$2,176.27
Totals	\$173,313.34	\$279,460.62



Regulatory Services Group

This group manages the department's litigation and advisory resources through the office of the General Counsel.

The General Counsel also manages ratemaking litigation, evaluates files and cases for referral to the Attorney General's office and provides internal legal support to the various divisions of the department.

Liaison to the Office of the Attorney General

The General Counsel evaluates cases and files of the Insurance Department to determine if they should be referred to the Attorney General for advice or representation.

When seeking an informal opinion, the General Counsel evaluates the adequacy of the file, identifies whether there is an issue of law requiring a legal opinion, makes a preliminary determination of what laws and regulations are involved, and develops a concise statement of the issues presented.

When seeking representation, the General Counsel makes a similar evaluation of the file, and may include a recommendation regarding possible specific pleadings to assist the Attorney General in the case.

When files are referred to staff of the Office of Attorney General, the General Counsel maintains a tracking system of the status of each file, and maintains notebooks of informal opinions indexed by subject matter for future reference by Department of Insurance staff. The table on the following page details departmental activities involving the Attorney General's office.

Liaison with Attorney General Office

	1993	1994
Informal Opinions	25	27
License Revocations	11	21
Admin. Hearings	4	2
Other	36	40
Total	76	90

Ratemaking Litigation

During the 1993-94 biennium, the General Counsel continued to be closely involved in several pieces of significant litigation involving ratemaking for lines of insurance under the jurisdiction of the North Carolina Rate Bureau. These cases were handled primarily by outside counsel and outside witnesses under the direction of the General Counsel because such cases are exceptional in complexity and duration and would tie up normal departmental resources to the point that other regulatory responsibilities could not be fulfilled. The General Assembly authorized such an approach with its enactment of N.C.G.S. 58-2-215.

The General Counsel was chief negotiator for the Commissioner in settling five auto rate cases in various stages of litigation dating from 1987. The settlement with the North Carolina Rate Bureau refunded approximately \$110 million in checks to North Carolina policyholders during 1993 and 1994. The refund is the largest return of excessive insurance premiums ever achieved in the country as the result of action by an insurance commissioner in the exercise of ratemaking authority. Commissioner Long confirmed the manner and amount of the refund through market examinations of selected insurers representing 90 percent of the state's auto insurance market.

The Commissioner also disapproved a Rate Bureau auto insurance filing submitted on February 1, 1994 on the grounds that it was "excessive and unfairly discriminatory" in part because it added million of dollars to the bills of many of the state's drivers so others could be given "deviations," or premium discounts. The industry insists such cost shifting is authorized by state law, but after a five-week administrative hearing, the Commissioner found otherwise.

Auto insurers were seeking an increase of almost 17 percent, while the Commissioner ordered a 13.8 percent reduction in rates. While appealing the Commissioner's order, the industry has implemented an increase in rates of only 4.4 percent.

The 1994 auto case is the only rate case on appeal at this time. In past years, as many as five rate cases have been simultaneously on appeal by the Rate Bureau.

In Workers Compensation ratemaking, the department responded to an alarming trend for double-digit rate increases during recent years. Many North Carolinians — employees and business owners alike — were justifiably concerned over this trend, as rising workers' compensation rates can have a negative effect both on employment and competitiveness with other states.

Commissioner Long has opposed each of these recent increases, arguing that the facts justified only more moderate increases. Workers' compensation insurers appealed these decisions and raised rates over his objection, though by substantially less than the levels originally sought.

In 1993, the Commissioner reached an out-of-court settlement with the industry in the 1992 and 1993 workers' compensation rate cases, ending the appeals of his decisions in these cases. The settlement resulted in a reduction in the rate increases charged to North Carolina businesses in 1993, and a relatively modest increase in these rates for 1994.

After the passage of significant legislation reforming North Carolina's workers compensation system, the state's insurance industry in 1994 filed a request for no changes in rates. Department staff join the industry and businesses in hoping that the reforms enacted by the legislature will help reduce workers' compensation costs and hence the premiums paid by North Carolina businesses.

While these lengthy rate cases involve public expense in staff and consultant time, taxpayers have enjoyed an enormous rate of return on funds disbursed from the Consumer Protection Fund created by N.C.G.S. 58-2-215. The Fund has fulfilled its promise of "leveling the playing field" for state regulators facing the substantial resources of the insurance industry. The table below details this favorable cost-to-benefit ratio.

Departmental Rate Regulation

Rate Filing	Total Savings	Total Cost	Savings/Consumer \$
1991 Workers' Comp.	\$149,533,688	\$81,992	\$1,824
1992 Workers' Comp.	\$47,479,597	\$227,284	\$209
1993 Homeowners	\$58,870,513	\$236,563	\$249
1991 Auto	\$83,191,331	\$422,259	\$197
1992 Auto	\$28,537,120	\$46,413	\$615
1994 Auto	\$244,869,801	\$543,184	\$451



Safety Services Group

Comprised of the Engineering, Manufactured Housing, State Property Fire Insurance Fund, and the Fire and Rescue Services Divisions, the Safety Services Group administers and enforces life safety standards throughout the state, promotes risk management practices throughout government, and maintains a sound insurance program for state agencies.

Engineering Division

North Carolina's General Statutes give the Commissioner of Insurance the responsibility of general supervision over the administration of the North Carolina State Building Codes. The codes contain regulations relating to plumbing, electrical, heating, air conditioning and fire protection systems and the general construction of buildings. The division meets these responsibilities by providing interpretations of code requirements and assisting local government authorities with the application of the codes.

The division also inspects electrical systems in state-owned buildings, reviews plans and specifications of new buildings for code compliance, assists with code-related educational programs, and administers state examinations required for certification of city, county and state code enforcement officials.

Division staff also administer the state's accreditation program of independent inspection agencies who safety test and label electrical and mechanical equipment, or monitor the performance of manufacturers who sell factory-fabricated modular buildings.

In addition to serving as an informal state code appeals agency, the division serves as staff to the North Carolina State Building Code Council and North Carolina Code Officials Qualification Board.

Engineering Division Activities 1993-1994

Plans reviewed	6,000
Field inspections	3,100
Office conferences	3,250
Telephone information requests	98,000
Schools, seminars and conference participation	185
Building Code Council meetings	100
Qualification Board meetings/hearings	60
Qualification Board complaint investigations	58
Inspection certification schools coordinated	336
Inspector certification exams administered	1,828
Inspector certification applications reviewed	6,500
Inspector certificates renewed and issued	9,800
Code publication sales	\$1,183,199
Electrical certificates of compliance issued	552

Code Administration and Enforcement

The division provides interpretations of the intent of the state building code to: city and county inspection officials; architects; engineers; contractors; material suppliers; manufacturers; other state agencies; attorneys and the general public.

The division is responsible for reviewing plans and specifications for large buildings. Before a permit can be secured for these buildings, a letter of compliance must be issued by this division to the inspection department having jurisdiction.

State law requires that handicapped and disabled persons receive treatment equal to that afforded other persons. The division has an Accessibility Section which provides information to handicapped organizations, design and construction professionals, and building owners in the application of these state laws and the building code requirements relating to accessibility. This assistance helps provide our disabled citizens with the full and free use of all buildings in the state. Accessibility regulations are currently being revised to make N.C. Code equivalent to federal Americans with Disabilities Act regulations.

This division inspects the electrical systems of all state-owned buildings during construction. When code violations are detected, the contractor or designer is advised of corrections required. Contractors cannot receive payment for their work until this division issues a certificate stating that the installation complies with safety regulations. In addition to these required inspections, this division assists local officials with the inspection of other construction aspects of buildings when requested.

Because some buildings require special construction, technical assistance is necessary from us to ensure that the building is safe. Inspection assistance is also provided for structures when deterioration, fire or storms create conditions which appear to be hazardous.

Our staff also serves as the State Damage Assessment Team and assists the State Office of Emergency Management during disasters.

State Building Code Council Support

The building code council consists of 15 members appointed by the governor. The council is empowered to adopt and amend the state building code, hear appeals on the interpretation of the code and approve local building regulations which are different from the state code. The council holds regularly scheduled public hearings on the second Tuesday in March, June, September, and December. Additional meetings are held by council code committees.

State law permits the building code council to provide, under appropriate circumstances, programs to certify independent testing laboratories as state-accredited third-party agencies to evaluate, inspect and label factory-built manufactured buildings and electrical and mechanical building components. This program is administered by staff.

Code Officials Qualification Board Support

This board develops standards for the training and certification of code enforcement officials. The division provides clerical and staff services in support of this effort. The board is also responsible for developing training schools and state examinations for inspector certification. Some division staff members serve as instructors; all state certification exams are administered by staff.

Persons certified by the board are issued a certificate for each level and area of inspection for which they have met qualification requirements. The division also investigates written, substantiated complaints against inspectors to the board, which may then schedule a hearing.

The division is divided into eight sections: code consultant, electrical, mechanical, modular, inspector certification, accessibility, code council, and fire prevention.

On July 1, 1991, North Carolina's first State Fire Prevention Code became effective. This required the hiring of an individual with fire prevention experience. This staff member has provided code interpretations to more than 1,500 city and county fire inspectors throughout the state and has assisted in the development of three levels of fire prevention courses.

Manufactured Housing Division

This division acts both as a state administrative agency under the federal Manufactured Housing Constructions and Safety Standards Act and as staff to the North Carolina Manufactured Housing Board.

The role of a state administrative agency is to monitor manufacturers' handling of consumer complaints to assure compliance with federal standards. Staff support of the Manufactured Housing Board includes licensing all manufacturers, dealers, set-up contractors and salespersons that do business in this state to ensure compliance with warranty requirements set forth in the General Statutes.

This division is also responsible for developing set-up and anchoring standards for manufactured homes and assisting local inspection departments in the inspection of homes for proper set-up and anchoring requirements. Division staff, with the assistance of the Manufactured Housing Institute, has rewritten the state set-up and anchoring standards which will become effective July 1, 1995.

This division is entirely receipt-supported. A portion of these receipts come from fees received from HUD for manufactured homes placed in our state for retail sale. The balance of the division's funding comes from license fees charged to manufacturers, dealers and set-up contractors.

In July, 1992 the division began requiring salespeople to pass a formal test before issuing a sales license. These tests are offered in various locations across the state to facilitate the program. We tested 766 salespeople in 1993 and 1,045 in 1994.

The division is responsible for filing claims against surety bonds in the event dealers or manufacturers go out of business or cannot otherwise fulfill their warranty obligations. In 1993, the division collected approximately \$212,806 and in 1994 about \$38,855 on behalf of North Carolina consumers.

The division also supplements its receipts by participating in a contract with the National Conference of States on Building Codes Standards. During 1993 and 1994, division staff spent over 1,000 hours in interstate monitoring inspections.

Manufactured Housing Division Activity

	1993	1994
Complaints Received	657	804
Inspections Completed	385	583
Manufacturers Licensed	76	76
Dealers Licensed	560	581
Set-up Contractors Licensed	420	397
Salespersons Licensed	1600	1954
Salespersons Temp. Licensed	180	230
Hearings Scheduled	38	23

State Property Fire Insurance Fund

This division is responsible for the operation and maintenance of the State Property Fire Insurance Fund, the self-insurance plan for the state property. The division currently has jurisdiction over 13,000 state-owned buildings with a combined value of \$8.4 billion. With the approval of the Council of State, the division investigates and adjusts claims and pays losses.

The fund provides basic fire and lightning insurance coverage for state-owned property and offers insurance for wind, hail, riot, explosion, smoke, theft, sprinkler leakage, vandalism, and business interruption. The division procures from private insurance carriers other needed insurance such as auto liability and physical damage, inland marine, ocean marine, aircraft liability and physical damage, boiler and machinery, workers' compensation, accident and health, general liability, crime, professional liability, and bonds.

Another vital function of the division is plan approval for construction and renovation of all state buildings. Plans are reviewed to assure state construction is safe for building occupants and desirable for insurance purposes. Emphasis is placed on proper exits, building fire resistance, and fire protection systems.

The division also develops specifications for fire detection and alarm systems, sprinkler systems, and other life safety equipment used by designers of state buildings.

By statute, the division reviews and approves all building plans, insures finished buildings, and inspects them annually. Between plan approval and completion of construction, there is, at present, no statutory inspection for code compliance. One of our objectives for the coming biennium is to develop statutory requirements for such inspections.

Loss control through annual inspection of all state-owned buildings is accomplished by inspectors who are certified in the interpretation of codes and standards for fire protection and construction. Reports are made to agency management for correction of deficiencies. The staff also provides advice on corrective measures.

Updating fire protection systems in existing buildings is a continuous process. Emphasis is placed on improving the protection of major computer installations, libraries, high-risk buildings, places of assembly, and other areas with a high concentration of people or expensive property.

Because of the rapid increase in the use of computers and other electronic equipment, lightning damage has become the state's most frequent loss. Efforts to reduce lightning losses include communicating information to agencies on proper protective measures, and inspecting sites with recurring claims.

The risk management section serves as the resource for state agencies in resolving risk issues. The section administers the state's automobile insurance program covering 28,000 vehicles, and helps local governments review their insurance needs and implement risk management programs. Since 1985, 119 North Carolina communities and counties have received complete insurance surveys and risk management services.

The section also provides staff, administration, and research services to the Public Officers and Employees Liability Insurance Commission (POELIC). The commission is charged with making available a plan of professional liability coverages for all law enforcement officers, public officials, and employees of any political subdivision of the state.

The plan provides \$1,000,000 in liability coverage on all 102,000 state employees for losses resulting in bodily injury or property damage, and for errors and omissions in the performance of their jobs. About 500 such claims are filed against state employees each year.

Fire and Rescue Services Division

Governmental Services Section

This section serves as the certifying agency for qualifying fire departments and their members for several benefit programs.

Since 1985, fire departments must be inspected by the Fire and Rescue Division in order to qualify for the In-Line-of-Duty Death Benefit, the Firemen's Pension Fund and the Firemen's Relief Fund.

The Commissioner of Insurance sets the standards and qualifications for the initial certification of all fire departments. North Carolina has experienced an annual growth rate of approximately 35 fire departments in each of the last ten years.

In October 1987, this section was given the duty of inspecting more than 1,000 rural fire departments in North Carolina. The first-year phase of this project has been completed. The results of these inspections have been reported to the North Carolina Fire Rate Bureau and are to be used by them in filing future rates for fire insurance costs. The fire departments are reinspected on a two- to three-year cycle in order to maintain a current picture of the quality of fire protection in North Carolina and to assist the departments in making improvements.

The third phase of the inspections program has begun with approximately 73 percent of the fire departments meeting state requirements. The information collected during the inspections is also used in the qualifying process for the Rural Fire Department and Rescue Grant Programs. The inspections program has been instrumental in helping to upgrade fire protection in the state.

This section continues to assist local governments with fire district mapping, setting up tax fire districts and by providing information on benefit programs. The section also serves as an information resource on rural fire protection for local government officials.

This section has been actively involved in establishing the North Carolina Fire Prevention Code. Staff members have participated in the Fire Code Advisory Council, the Fire Code Committee and the Fire Code Curriculum Committee in developing the training curriculum for the certification of fire inspectors. This section has also begun developing a training program in rural fire administration for county fire marshals.

Field Services

Field services staff continue to provide instructional programs to the fire and rescue services across the state. This process involves interaction with local, state, federal and private agencies. The constant review and update of programs impacts all areas of fire, rescue and fire education and provides up-to-date information and techniques.

To increase the quality of training being delivered by our fire and rescue instructors, this section has developed qualification programs in live-burn training, driver/operator training and hazardous materials instructor training.

Through the North Carolina Rescue College, the High Angle Rescue School and the N.C. Fire Education Conference; and by serving as instructors for many local, state, and national agencies, field services staff provide vital information to fire and rescue professionals across the state.

This section continues to investigate timely topics to better inform North Carolina's fire and rescue service. Work in several areas has produced national recognition of this division.

Fire and Burn Prevention Education

Fire and burn prevention education has been greatly expanded during the biennium. Three primary areas of involvement include implementation and evaluation of the "Learn Not to Burn" program, the "Hidden Heroes" campaign, and the development of the public fire educator certification course.

Public fire safety education is a major area of activity and the "Learn Not to Burn" program has been implemented in most of our state's fourth-grade classrooms. To measure the effectiveness of the program, a study of individual student knowledge retention has been initiated. This study will take several years and will provide important information about fire safety education.

The "Learn Not to Burn" curriculum is conducted jointly by the Fire and Rescue Services Division, the N.C. Department of Public Instruction, and the N.C. Jaycee Burn Center. Over the last five years, more than 80 percent of our fourth-grade students in 97 school districts have been exposed to fire- and burn-prevention education. This translates into more than 2,800 classrooms and 85,000 students learning life-saving skills each school year.

The Public Fire Educator Certification Program was adopted in July 1989. This program assists the fire service in providing fire and injury prevention education and training for fire and burn education professionals. Currently, more than 100 fire and life educators are certified.

Cooperation among local, state and federal agencies has been essential in ensuring the success and effectiveness of fire- and burn-prevention programs in North Carolina. These agencies include the: fire service in North Carolina; N.C. Jaycee Burn Center; N.C. Department of Public Instruction; Federal Emergency Management Agency; N.C. Department of Environment, Health and Natural Resources; N.C. Center for Health Statistics; N.C. Fire and Rescue Commission; and the National Fire Academy.

Funds

Working closely with the N.C. Fireman's Association, division staff continue to improve collection and disbursement of the Firemen's Relief Fund. Significant effort has been made to reduce the number of fire departments disqualified due to ineligibility. The Rescue Relief Fund was created in 1987 to assist rescue personnel in need.

The Volunteer Fire Department Fund and Volunteer Rescue/EMS Fund were created in 1987 to financially aid local fire and rescue departments with equipment purchases and capital expenditures.

Volunteer Fire Department and Rescue/EMS Grants*

	1993	1994
Volunteer Fire Dept. Fund	\$1,637,863.62	\$1,787,633.03
Volunteer Rescue/EMS Fund	\$873,810.73	\$905,808.48

* Total approved monies for both matching and non-matching state grants

North Carolina Fire and Rescue Commission

In 1989, the title of the North Carolina Fire Commission was changed to the North Carolina Fire and Rescue Commission. The change reflected a new charge to assist local rescue departments in establishing standards of operation.

The fire and rescue services of our nation and state are continuing to change at a very rapid rate due to improvements in technology, implementation of stricter standards, and the growing concern over liability issues. The Fire and Rescue Commission strives to assist our state's fire and rescue services in keeping abreast of these changes.

The commission has laid the groundwork for the future of our fire service by establishing voluntary standards at various professional levels. Many programs currently available to the fire service will be available to the rescue community in the future. One program currently under development is Rescue Technician Certification.

The commission is also addressing its rescue service responsibilities through an expanded incident reporting system. The current program addresses only fire incidents. The data obtained from these programs will be used to establish future directions in training, public education, and accident prevention.

Firefighter Certification

In July 1987, the Fire Commission's Firefighter Certification Standard was adopted and implemented. Since then, the majority of the fire service has become involved in the program with many having been certified at one of the three levels offered. Many counties, cities, and fire departments have adopted this certification program as their training program. In addition, many fire departments have become a delivery agency for the certification program.

Instructor Certification

The Fire and Rescue Commission adopted a certification program for fire instructors in 1988. This program will be modified in the future to include rescue instructors.

Fire Apparatus Driver/ Operator Certification

This program was put in place in 1988 for the purpose of establishing a statewide training standard for personnel who drive fire apparatus. It includes a section on the safe operation of emergency vehicles.

Fire/Arson Investigator Certification

This program was designed to provide increased professional recognition to personnel who are responsible for investigating fires. This designation also affords enhanced credibility when the professional is called upon to serve as an expert witness in court.

Hazardous Materials Responder Certification

This program was put in place in 1989 to assist fire departments and rescue squads in meeting the federally-mandated training requirements for activity involving hazardous materials.

Rescue Technician Certification

This program was put in place to enhance the training of rescue personnel. Designed for those who do physical rescue, the program address topics such as search, extrication, and rope rescue.

Future Programs

With the commission's new rescue service responsibilities, the addition of new programs will become necessary to provide the same level and quality of training to rescue personnel as are now directed to the fire service. Programs such as rescue technician certification and rescue incident reporting are already enacted or on the drawing board. It is hoped that such programs will provide additional professional recognition, as well as enhance the safety of emergency service personnel in North Carolina.

North Carolina Code Officials Qualifications Board

The board is organized under the provisions of Chapter 143, Article 9C of the North Carolina General Statutes. A list of members follows, along with the individual or organization by whom they were appointed.

Mr. Richard D. Drucker	Institute of Government
Mr. John J. Gaitten	Governor
Mr. Billy T. McDaniel	Lieutenant Governor
Mr. G. Alan Jones	Speaker of the House
Mr. Earl F. Fowler	Governor
Mr. E. Frank Davis, Jr.	Speaker of the House
Mr. Mike Pittman	Department of Community Colleges
Mr. Joseph D. Wheliss	Governor
Mr. Lewis Gene Morton	Lieutenant Governor
Mr. Hubert Jefferson	Governor
Mr. Rick Lee	Lieutenant Governor
Mr. C. Neil Styers	Speaker of the House
Mr. Dascheil Propes	Commissioner of Insurance
Mr. James T. Leoford	Governor
Mr. Charles England	Speaker of the House
Mr. Charles R. Horne	Governor
Mr. Paul P. McCain, P.E.	N.C. State University
Mr. C.W. Williams	Governor
Ms. Barbara H. Mulkey, P.E.	Lieutenant Governor
Mr. Ronnie Bailey	N. C. A&T University

North Carolina Building Code Council

N.C. General Statutes 143-138 authorize the N.C. Building Code Council to prepare, adopt and amend the State Building Code. The council consists of 12 members appointed by the governor for six-year terms. Statutes require that members have expertise in areas relating to construction safety. The council meets quarterly in March, June, September and December.

Members

Mr. Sam T. Snowdon Jr., Chair

Mr. John R. Andrew, Vice-Chair

Mr. Clifton N. Bishop

Mr. Barry W. Gardner

Mr. James W. Smith II

Mr. Edward L. Woods

Mr. J. Harmon Byrd

Mr. Mark B. Trollinger

Mr. Stephen B. Peay

Mr. James G. Andrews Jr.

Mr. Earl Driggers

Mr. Robert C. Pierce

Mr. Ellis P. Thomas

Mr. Jack F. Neel

Mr. Larry C. Hayes

North Carolina Fire and Rescue Commission

The N.C. Fire and Rescue Commission is charged with developing certification standards for all levels of fire service and rescue personnel and coordinating the state's involvement with the Federal Emergency Management Agency and the U.S. Fire Administration.

The commission is also responsible for developing a master plan for fire prevention and control, increasing professional skills of fire protection and fire fighting personnel, serving as a central clearinghouse of information relating to the state's fire service activities, and handling federal and state grants.

Member

Mr. Richard Trexler, Chair

Mr. Bobby Joyner

Mr. Rupert Little

Mr. Harley Cook

Mr. Cloyce Anders

Mr. Leardar Morgan

Mr. Bruce Rose

Mr. David L. Cope

Mr. John Horne

Mr. David Joyner

Mr. Dean Wall, Vice Chair

Mr. Zelodis Jay

Mr. Buddy White

Mr. Steve Neal

Ex-Officio Members:

Mr. Jim Long

Mr. Harry Payne

Mr. Thurman B. Hampton

Mr. Mike Easley

Mr. Jonathan Howes

Mr. Lloyd V. Hackley

Tim Bradley, Executive Director

Organization

Colfax Fire Chief, Guilford Co.

Pitt County Fire Marshal

Catawba County Fire Marshal

N.C. Society of Fire Service Instructors

Wake County

Craven County

Wilson County

Durham County

Rutherford County

Bertie County

McDowell County

Granville County

Cumberland County

Rockingham County

Commissioner of Insurance

Commissioner of Labor

Secretary, Crime Control and Public Safety

Attorney General

Secretary, Environment, Health and Natural Resources

President, Dept. of Community Colleges

Department of Insurance

North Carolina Manufactured Housing Board

The Board is empowered to issue and revoke licenses, require bonds, resolve complaints and promulgate rules as necessary to carry out these goals. Following is a list of members and the individual or industry they represent.

Members

Insurance Commissioner Jim Long

Ms. Mickey Hanula

Ms. Linda Willey

Mr. Jim Johnson

Mr. J.T. Williams

Ms. Judy Ward

Mr. Larry Gilmore

Mr. Bill Glover

Mr. Durwood Batchelor

Representing

Chairman

Commissioner of Insurance

Commissioner of Insurance

Governor

Governor

Finance

Insurance

Set-up Contractor

Supplies

North Carolina Medical Database Commission

The N.C. Medical Database Commission was created by G.S. 131E-211 to establish a state wide health care information database and to service as a clearinghouse for that information.

Currently the Commission collects hospital inpatient discharge data from 150 acute care, psychiatric and rehabilitation hospitals in North Carolina. In 1993, it began collection of information from 150 ambulatory surgery facilities. With the exception of a state government representative-at-large appointed by the Governor, Commission members are appointed by the General Assembly.

Member

Mr. David McCombs, Chair

Dr. Sanda Green, Vice-Chair

Ms. Kathy G. Barger

Ms. Mary Beck

Mr. Tony Copeland

Mr. Louis Gentry

Dr. James P. Green, Sr.

Mr. Ches Gwinn

Ms. Gail Long

Representing

Moses Cone Memorial Hospital

Blue Cross and Blue Shield of North Carolina

Representative-at-Large

UNC Hospitals

BTI

Jefferson-Pilot Insurance Company

Physicians

First Union National Bank

Fayetteville Ambulatory Surgery Center, Inc.

Public Officers and Employees Liability Insurance Commission

The Commission is given authority under North Carolina General Statutes 58-31-25 and 58-32-1 through 58-32-30 to make available a plan of professional liability insurance coverage for all law enforcement officers, public officials, and employees of any political subdivision of the State. POELIC is empowered to negotiate with insurance companies for the most favorable rates and coverage.

The Commission also serves as liaison between the companies and those insured to resolve any issues which may arise. The Commission consists of 11 members representing city, county, and state governments; sheriffs and police departments; and the insurance industry. It meets at least four times each year, on or about the 15th of January, April, July, and October. Following is a list of the members:

Member

Mr. Joe R. Kluttz, Chairman
Sheriff James L. Sasser, Vice Chairman
Mr. Welton Barnes, Sr.
Mrs. JoAnne S. Carlyle
Mr. Harvey R. Mathias
Mr. Charles K. Royal, Jr.
Major Ricky Simpson
Mr. J. Dal Snipes

Representing

Independent Insurance Agents of North Carolina
N.C. Sheriff's Association
Speaker of the House
N.C. Association of County Commissioners
N.C. League of Municipalities
Lieutenant Governor
N.C. Police Chiefs, Police Executives Associations
Carolinas Assn. of Professional Insurance Agents

Ex-Officio Members:

Mr. Tim Minton
Mr. Ralph B. Strickland, Jr.
Mr. J. Thomas Sutton, III

Secretary of Crime Control and Public Safety
Attorney General
Commissioner of Insurance

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